

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                         |  |                   |
|--|-------------------------|--|-------------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                         | Local Unit Name<br>Bridgeton Township          | County<br>Newaygo |
| Fiscal Year End<br>3/31/06   | Opinion Date<br>8/25/06 | Date Audit Report Submitted to State<br>9/8/06 |                   |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

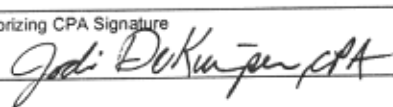
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|  |                                     |  |                              |
|--|-------------------------------------|--|------------------------------|
| <b>We have enclosed the following:</b>   | Enclosed                            | Not Required (enter a brief justification) |                              |
| Financial Statements   | <input checked="" type="checkbox"/> |  |                              |
| The letter of Comments and Recommendations   | <input checked="" type="checkbox"/> |  |                              |
| Other (Describe)   | <input type="checkbox"/>            |  |                              |
| Certified Public Accountant (Firm Name)<br>Hendon & Slate, P.C.  |                                     | Telephone Number<br>231-924-6890           |                              |
| Street Address<br>711 W. Main Street   |                                     | City<br>Fremont                            | State<br>MI                  |
|  |                                     | Zip<br>49307                               |                              |
| Authorizing CPA Signature<br> |                                     | Printed Name<br>Jodi DeKuiper              | License Number<br>1101021180 |

**TOWNSHIP OF BRIDGETON  
NEWAYGO COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**MARCH 31, 2006**

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## **TOWNSHIP OF BRIDGETON**

### **Board Members**

|                  | <u>Position</u> |
|------------------|-----------------|
| Richard Kooistra | Supervisor      |
| Carolyn Drake    | Clerk           |
| Daniel Schooley  | Treasurer       |
| James Schuiteman | Trustee         |
| Sandy Califf     | Trustee         |



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



Township Board  
Bridgeton Township  
Newaygo County  
Grant, Michigan

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeton Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeton Township, Michigan as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 21 through 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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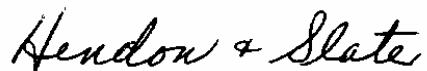
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As discussed in Note A, the Township adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.

Certified Public Accountants

August 25, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's combined net assets decreased 2.6% from a year ago - decreasing from \$517,247 to \$503,801. In a condensed format, the table below shows key financial information (in future years, when more information is available, a comparative analysis will be made):

|  | Governmental<br>Activities<br>2006 |
|--|------------------------------------|
| Current Assets                         | \$ 366,863                         |
| Noncurrent Assets                      | 138,873                            |
| Total Assets                           | <u>\$ 505,736</u>                  |
| Long-Term Debt Outstanding             | \$ -                               |
| Other Liabilities                      | 1,935                              |
| Total Liabilities                      | <u>\$ 1,935</u>                    |
| Net Assets                             |                                    |
| Invested in Capital Assets-Net of Debt | \$ 138,873                         |
| Unrestricted                           | 364,928                            |
| Total Net Assets                       | <u>\$ 503,801</u>                  |

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, decreased by \$14,301 for the governmental activities. This represents a decrease of approximately 3.8%.

|                       | Governmental<br>Activities<br>2006 |
|-----------------------|------------------------------------|
| Program Revenues      |                                    |
| Charges for Services  | \$ 15,930                          |
| General Revenues      |                                    |
| Property Taxes        | 122,251                            |
| State Shared Revenues | 155,759                            |
| Interest & Dividends  | 8,535                              |
| Refunds & Rebates     | 6,312                              |
| Miscellaneous         | 4,684                              |
| Total Revenues        | <u>\$ 313,471</u>                  |

## Management's Discussion and Analysis (Continued)

|                                  |                    |
|----------------------------------|--------------------|
| Program Expenses                 |                    |
| General Government               | 130,894            |
| Public Safety                    | 46,321             |
| Public Works                     | 143,050            |
| Community & Economic Development | <u>6,652</u>       |
| Total Expenses                   | <u>326,917</u>     |
| Change in Net Assets             | <u>\$ (13,446)</u> |

The Township's total net assets continue to remain healthy. A slight increase in the tax base was offset by cutbacks in State Revenue Sharing and a DNR freeze on property taxes.

### **Governmental Activities**

The Township's total governmental revenues increased by approximately \$8,900. The following revenues increased: property taxes increased \$6,818, or 5.91%; interest & dividends increased \$2,044, or 31%; and refunds & rebates increased \$3,110, or 97%. These increases were partially offset by a decrease in state shared revenue which dropped \$4,172, or 2.6%.

Expenses decreased by about \$89,000 over the prior year.

### **Business-Type Activities**

The Township had not business type activities.

### **The Township's Fund**

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund, the Road Fund, and the Fire Fund.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board did not amend the budget to take into account events during the year which caused the Board to over-expend on several activities as reported in the notes to the financial statements.

### **Capital Asset and Debt Administration**

At the end of 2006, the Township had \$138,872 invested in a broad range of capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the township's financial statements because of Michigan law, which makes these roads property of the Newaygo County Road Commission (along with the responsibility to maintain them).



**Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2006 projects that property taxes will remain the same due to a property tax freeze until 2009. The Township also projects that state shared revenue will also remain about the same. General Fund expenditures were budgeted for a 38% increase from the previous budget which includes \$180,000 for road maintenance commitments.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# BRIDGETON TOWNSHIP

## Government Wide Statement of Net Assets March 31, 2006

|                                       | <u>Governmental<br/>Activities</u> |
|---------------------------------------|------------------------------------|
| <b>Assets</b>                         |                                    |
| Cash and Investments                  | \$ 343,772                         |
| Taxes Receivable                      | 18,961                             |
| Prepaid Insurance                     | 1,704                              |
| Due From Other Governmental Units     | 368                                |
| Due From Tax Account                  | 2,058                              |
| Land, Buildings and Equipment         | 150,661                            |
| Less: Accumulated Depreciation        | <u>(11,788)</u>                    |
| <br>Total Assets                      | <br><u><u>\$ 505,736</u></u>       |
| <br><b>Liabilities and Net Assets</b> |                                    |
| <b>Liabilities</b>                    |                                    |
| Accounts Payable                      | \$ 1,234                           |
| Due to Other Governments              | <u>701</u>                         |
| <br>Total Liabilities                 | <br>1,935                          |
| <br><b>Net Assets</b>                 |                                    |
| Investments in General                |                                    |
| Fixed Assets                          | 138,873                            |
| Unrestricted                          | <u>364,928</u>                     |
| <br>Total Net Assets                  | <br><u><u>503,801</u></u>          |
| <br>Total Liabilities & Net Assets    | <br><u><u>\$ 505,736</u></u>       |

The Notes to the Financial Statements are an integral part of this statement

# BRIDGETON TOWNSHIP

## Government Wide Statement of Activities For the Year Ended March 31, 2006

|                           | <u>Expenses</u>   | <u>Program<br/>Revenues<br/>Charges for<br/>Services</u> | <u>Net (Expenses) Revenue<br/>and Changes in Net Assets<br/>Governmental<br/>Activities</u> |
|---------------------------|-------------------|--|---|
| Primary Government        |                   |  |   |
| General Government        | \$ 130,894        | \$ -   | \$ (130,894)  |
| Public Safety             | 46,321            | 15,930   | (30,391)  |
| Public Works              | 143,050           | -  | (143,050)   |
| Community & Economic Dev. | <u>6,652</u>      | <u>-</u>   | <u>(6,652)</u>  |
| Total Primary Government  | <u>\$ 326,917</u> | <u>\$ 15,930</u>   | (310,987)   |

### General Revenues

|   |                   |
|---|-------------------|
| Property Taxes - Levied for General Purpose | 28,975            |
| Property Taxes - Levied for Public Safety   | 18,650            |
| Property Taxes - Levied for Public Works    | 74,626            |
| State Sources                               | 155,759           |
| Interest Income                             | 8,535             |
| Refunds & Rebates                           | 6,312             |
| Gain (Loss) on Investments                  | (601)             |
| Miscellaneous                               | <u>5,285</u>      |
| Total General Revenues                      | <u>297,541</u>    |
| Change in Net Assets                        | (13,446)          |
| Net Assets - April 1, 2005                  | <u>517,247</u>    |
| Net Assets - March 31, 2006                 | <u>\$ 503,801</u> |

The Notes to the Financial Statements are an integral part of this statement.

**BRIDGETON TOWNSHIP**Governmental Fund Balance Sheet  
March 31, 2006

|                                   | General<br>Fund   | Road<br>Fund     | Fire<br>Fund     | Total<br>Governmental<br>Funds |
|-----------------------------------|-------------------|------------------|------------------|--------------------------------|
| <b>ASSETS</b>                     |                   |                  |                  |                                |
| Cash and Investments              | \$ 260,321        | \$ 63,681        | \$ 19,770        | \$ 343,772                     |
| Taxes Receivable                  | 4,236             | 11,781           | 2,944            | 18,961                         |
| Due from Tax Account              | 2,058             | -                | -                | 2,058                          |
| Due From Schools                  | 368               | -                | -                | 368                            |
| Total Assets                      | <u>\$ 266,983</u> | <u>\$ 75,462</u> | <u>\$ 22,714</u> | <u>\$ 365,159</u>              |
| <b>LIABILITIES</b>                |                   |                  |                  |                                |
| Accounts Payable                  | \$ 1,234          | \$ -             | \$ -             | \$ 1,234                       |
| Due to Other Governments          | 701               | -                | -                | 701                            |
| Total Liabilities                 | 1,935             | -                | -                | 1,935                          |
| <b>FUND BALANCES</b>              |                   |                  |                  |                                |
| Unreserved                        | 265,048           | 75,462           | 22,714           | 363,224                        |
| Reserved                          | -                 | -                | -                | -                              |
| Total Fund Balance                | 265,048           | 75,462           | 22,714           | 363,224                        |
| Total Liabilities and Fund Equity | <u>\$ 266,983</u> | <u>\$ 75,462</u> | <u>\$ 22,714</u> | <u>\$ 365,159</u>              |

The Notes to the Financial Statements are an integral part of this statement.

## BRIDGETON TOWNSHIP

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2006

|                                  |            |
|----------------------------------|------------|
| Total Governmental Fund Balances | \$ 363,224 |
|----------------------------------|------------|

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

|  |       |
|--|-------|
| Prepaid Insurance reflects amounts that will be used in a future period. | 1,704 |
|--|-------|

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

|                                       |                 |
|---------------------------------------|-----------------|
| Governmental Capital Asset            | 150,661         |
| Governmental Accumulated Depreciation | <u>(11,788)</u> |

|   |                          |
|---|--------------------------|
| Total Net Assets - Governmental Activities: | <u><u>\$ 503,801</u></u> |
|---|--------------------------|

The Notes to the Financial Statements are an integral part of this statement.

# BRIDGETON TOWNSHIP

## Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2006

|  | General<br>Fund   | Road<br>Fund     | Fire<br>Fund     | Total<br>Governmental<br>Funds |
|--|-------------------|------------------|------------------|--------------------------------|
| Revenues   |                   |                  |                  |                                |
| Property Taxes   | \$ 28,975         | \$ 74,626        | \$ 18,650        | \$ 122,251                     |
| Licenses and Permits   | 7,618             | -                | -                | 7,618                          |
| State Shared Revenue   | 155,759           | -                | -                | 155,759                        |
| Charges for Services   | 1,700             | -                | 6,612            | 8,312                          |
| Interest & Dividends   | 6,596             | 1,639            | 300              | 8,535                          |
| Refunds & Rebates  | 6,312             | -                | -                | 6,312                          |
| Other  | 5,285             | -                | -                | 5,285                          |
| Gain (Loss) on Investments   | (601)             | -                | -                | (601)                          |
| Total Revenues   | <u>211,644</u>    | <u>76,265</u>    | <u>25,562</u>    | <u>313,471</u>                 |
| Expenditures   |                   |                  |                  |                                |
| General Government   | 119,956           | -                | -                | 119,956                        |
| Public Safety  | 46,246            | -                | 75               | 46,321                         |
| Public Works   | 142,972           | 78               | -                | 143,050                        |
| Community & Economic Dev.  | 6,652             | -                | -                | 6,652                          |
| Other  | 11,625            | -                | -                | 11,625                         |
| Total Expenditures   | <u>327,451</u>    | <u>78</u>        | <u>75</u>        | <u>327,604</u>                 |
| Excess Revenue Over<br>(Under) Expenditures  | (115,807)         | 76,187           | 25,487           | (14,133)                       |
| Other Financing Sources (Uses)   |                   |                  |                  |                                |
| Operating Transfers In   | 144,976           | 84,730           | -                | 229,706                        |
| Operating Transfers (Out)  | (84,730)          | (135,443)        | (9,533)          | (229,706)                      |
| Total Other Financing<br>Sources (Uses)  | <u>60,246</u>     | <u>(50,713)</u>  | <u>(9,533)</u>   | <u>-</u>                       |
| Excess Revenues and Other<br>Financing Sources Over(Under)<br>Expenditures and Other<br>Financing (Uses) | (55,561)          | 25,474           | 15,954           | (14,133)                       |
| Fund Balance - April 1, 2005   | <u>320,609</u>    | <u>49,988</u>    | <u>6,760</u>     | <u>377,357</u>                 |
| Fund Balance - March 31, 2006  | <u>\$ 265,048</u> | <u>\$ 75,462</u> | <u>\$ 22,714</u> | <u>\$ 363,224</u>              |

The Notes to the Financial Statements are an integral part of this statement.

## BRIDGETON TOWNSHIP

### Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2006

|  |    |          |
|--|----|----------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | (14,133) |
|--|----|----------|

Amounts reported for governmental activities in the statement of activities are different because:

Prepaid expenses reflect amounts that will be paid in a future period:

|                                |                |       |
|--------------------------------|----------------|-------|
| Current Year Prepaid Insurance | 1,704          |       |
| Prior Year Prepaid Insurance   | <u>(1,872)</u> | (168) |

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

|   |                |     |
|---|----------------|-----|
| Capital outlay reported in governmental fund statements   | 10,474         |     |
| Capital outlay reported as expenses in statement of activities  | <u>(3,550)</u> |     |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) in assets | 6,924          |     |
| Depreciation expense reported in the statement of activities  | <u>(6,069)</u> | 855 |

|   |           |                 |
|---|-----------|-----------------|
| Changes in Net Assets - Governmental Activities | <u>\$</u> | <u>(13,446)</u> |
|---|-----------|-----------------|

The Notes to the Financial Statements are an integral part of this statement.

**BRIDGETON TOWNSHIP**

Statement of Net Assets - Fiduciary Funds  
March 31, 2006

|                                      | <u>Tax Fund</u>        |
|--------------------------------------|------------------------|
| Assets                               |                        |
| Cash and Investments                 | <u>\$ 2,058</u>        |
| Total Assets                         | <u><u>\$ 2,058</u></u> |
| <br>Liabilities and Net Assets       |                        |
| Liabilities                          |                        |
| Due to Other Funds                   | <u>\$ 2,058</u>        |
| Total Liabilities                    | 2,058                  |
| <br>Net Assets                       |                        |
| Unreserved                           | <u>-</u>               |
| <br>Total Liabilities and Net Assets | <u><u>\$ 2,058</u></u> |

The Notes to the Financial Statements are an integral part of this statement.



## BRIDGETON TOWNSHIP

### Notes to the Financial Statements For the Year Ended March 31, 2006

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bridgeton Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Bridgeton Township.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Township's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

##### A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund

activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2005 delinquent taxes of \$18,961 were received in May, 2006, therefore they were recorded as receivables.

The 2005 taxable valuation of the Township totaled \$42,494,567 on which ad valorem taxes levied consisted of .703 mills for general operating, 1.955 mills for road operating, and .489 mills for fire operating raising \$28,975 for operating, \$74,626 for roads, and \$18,650 for fire. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire fund accounts for the resources of property tax revenue and charges for services that are restricted for fire protection purposes.

The Road fund accounts for the resources of property taxes revenue and charges for services that are restricted for road repair and improvement purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled

investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Expenses that are paid in advance of the applicable fiscal year are recorded as prepaid expenses in the government-wide financial statements and later expensed in the applicable fiscal year.

Capital Assets - Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

|                       |                |
|-----------------------|----------------|
| Buildings             | 30 to 50 years |
| Building Improvements | 15 to 30 years |
| Vehicles              | 3 to 5 years   |
| Office Equipment      | 5 to 7 years   |
| General Equipment     | 5 to 10 years  |

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. As of March 31, 2006 the Township has no outstanding debt.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

| <u>Budget Item</u>                     | <u>Budget<br/>Appropriation</u> | <u>Actual<br/>Expenditures</u> |
|--|---------------------------------|--------------------------------|
| General Fund - Township Board          | \$ 47,427                       | \$ 47,674                      |
| General Fund - Insurance               | 5,000                           | 6,348                          |
| General Fund - Operating Transfers Out | -                               | 84,730                         |
| Road Fund - Miscellaneous              | -                               | 78                             |
| Road Fund - Operating Transfers Out    | 45,000                          | 135,443                        |
| Fire Fund - Contracted Fire Services   | -                               | 15                             |
| Fire Fund - Miscellaneous              | -                               | 60                             |

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; Certificates of deposit, savings accounts, or depository receipts of a financial institution; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; investment pools organized under the investment pool act, 1982 PA 367, 129.111 to 129.118; investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township's deposits and investment policy are in accordance with statutory authority.

Notes to the Financial Statements (continued)

The Township's deposits were reported in the basic financial statements in the following categories:

|                           | Governmental<br>Activities | Fiduciary<br>Funds | Total<br>Primary<br>Government |
|---------------------------|----------------------------|--------------------|--------------------------------|
| Cash and Cash Equivalents | \$ 343,772                 | \$ 2,057           | \$ 345,829                     |

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

Cash is held at Huntington National Bank and is carried at cost. The Township holds all deposits in its own name. Following is a schedule of cash deposits:

|                         | Carrying<br>Value | Market<br>Value   |
|-------------------------|-------------------|-------------------|
| Checking - General Fund | \$ 260,321        | \$ 260,321        |
| Checking - Tax Fund     | 27                | 27                |
| Checking - Road Fund    | 63,681            | 63,681            |
| Checking - Fire Fund    | 19,770            | 19,770            |
| Savings - Tax Fund      | 2,030             | 2,030             |
| Total Deposits          | <u>\$ 345,829</u> | <u>\$ 345,829</u> |
| FDIC Insured            | \$ 102,030        | \$ 102,030        |
| Uninsured               | 243,799           | 243,799           |
|                         | <u>\$ 345,829</u> | <u>\$ 345,829</u> |

#### NOTE D RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

|                                       | General<br>Fund | Road<br>Fund     | Fire<br>Fund    | Total            |
|---------------------------------------|-----------------|------------------|-----------------|------------------|
| Property Taxes                        | \$ 4,236        | \$ 11,781        | \$ 2,944        | \$ 18,961        |
| Less: Allowance for<br>Uncollectibles | -               | -                | -               | -                |
| Net Receivables                       | <u>\$ 4,236</u> | <u>\$ 11,781</u> | <u>\$ 2,944</u> | <u>\$ 18,961</u> |

Notes to the Financial Statements (continued)

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

| Governmental<br>Activities   | Beginning<br>Balance | Increases     | Decreases   | Ending<br>Balance |
|--|----------------------|---------------|-------------|-------------------|
| <u>Capital Assets not being depreciated</u>                              |                      |               |             |                   |
| Land   | \$ 1,691             | \$ -          | \$ -        | \$ 1,691          |
| <u>Capital Assets Being Depreciated</u>                                  |                      |               |             |                   |
| Buildings & Improvements   | 93,044               | -             | -           | 93,044            |
| Land Improvements  | 49,002               | 4,475         | -           | 53,477            |
| Furniture & Equipment  | -                    | 2,449         | -           | 2,449             |
| Subtotal   | 142,046              | 6,924         | -           | 148,970           |
| <u>Less Accumulated Depreciation for</u>                                 |                      |               |             |                   |
| Buildings  | 3,773                | 2,585         | -           | 6,358             |
| Land Improvements  | 1,946                | 3,341         | -           | 5,287             |
| Furniture & Equipment  | -                    | 143           | -           | 143               |
| Subtotal   | 6,069                | 6,069         | -           | 11,788            |
| Net Capital Assets<br>being depreciated                                  | 135,977              | 855           | -           | 137,182           |
| Total Governmental<br>Activities Capital Assets<br>- Net of Depreciation | <u>\$ 137,668</u>    | <u>\$ 855</u> | <u>\$ -</u> | <u>\$ 138,873</u> |

Depreciation expense was charged to programs of the primary government as follows:

|                         |                 |
|-------------------------|-----------------|
| Governmental Activities |                 |
| General Government      | <u>\$ 6,924</u> |

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

| <u>Receivable Fund<br/>(Due From)</u> |                 | <u>Payable Fund<br/>(Due To)</u> |                 |
|---------------------------------------|-----------------|----------------------------------|-----------------|
| General Fund                          | \$ 2,058        | Trust & Agency Fund              | \$ 2,058        |
|                                       | <u>\$ 2,058</u> |                                  | <u>\$ 2,058</u> |

All amounts are expected to be paid within one year.

Notes to the Financial Statements (continued)

Interfund Transfers

| <u>Transfers-In</u> | <u>Amount</u>     | <u>Transfers-Out</u> | <u>Amount</u>     |
|---------------------|-------------------|----------------------|-------------------|
| General Fund        | \$ 144,976        | General Fund         | \$ 84,731         |
| Road Fund           | 84,731            | Road Fund            | 135,443           |
|                     |                   | Fire Fund            | 9,533             |
| Total               | <u>\$ 229,707</u> |                      | <u>\$ 229,707</u> |

NOTE G LEASES

On October 31, 2005 the Township entered into an agreement with the Harold May estate for one year, with a right of automatic extension while awaiting grant funding, for the exclusive right to purchase the land that the new Township hall is on for not more than \$200,000. During this time, the Township will lease the land for \$2,500 per year.

NOTE I RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE J EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Township does not participate in a pension plan. There were no unpaid vacation or sick leave benefits at year end.

NOTE K PERMITS

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

|   |                   |
|---|-------------------|
| Beginning Excess Costs Over Fees Collected  | \$ (7,331)        |
| Fees Collected 2006                         | 6,818             |
| Wages, Professional Fees and Other Expenses | <u>(7,202)</u>    |
| Excess Costs Over Fees Collected            | <u>\$ (7,715)</u> |



# BRIDGETON TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2006

|   | Budgeted Amounts  |                   |                   | Variance to         |
|---|-------------------|-------------------|-------------------|---------------------|
|   | <u>Original</u>   | <u>Final</u>      | <u>Actual</u>     | <u>Final Budget</u> |
| Beginning Year Fund Balance             | \$ 320,609        | \$ 320,609        | \$ 320,609        | \$ -                |
| Resources (Inflows)                     |                   |                   |                   |                     |
| Property Taxes                          | 26,000            | 26,000            | 28,975            | 2,975               |
| Licenses & Permits                      | 6,500             | 6,500             | 7,618             | 1,118               |
| State Shared Revenue                    | 142,000           | 142,000           | 155,759           | 13,759              |
| Charges for Services                    | 1,000             | 1,000             | 1,700             | 700                 |
| Interest & Dividends                    | 1,000             | 1,000             | 6,596             | 5,596               |
| Refunds & Rebates                       | -                 | -                 | 6,312             | 6,312               |
| Gain (Loss) on Investments              | -                 | -                 | (601)             | (601)               |
| Other                                   | -                 | -                 | 5,285             | 5,285               |
| Operating Transfers In                  | <u>124,000</u>    | <u>124,000</u>    | <u>144,976</u>    | <u>20,976</u>       |
| Amounts Available for Appropriation     | 621,109           | 621,109           | 677,229           | 56,120              |
| Charges to Appropriations (Outflows)    |                   |                   |                   |                     |
| General Government                      | 129,122           | 129,122           | 119,956           | 9,166               |
| Public Safety                           | 57,470            | 57,470            | 46,246            | 11,224              |
| Public Works                            | 143,000           | 143,000           | 142,972           | 28                  |
| Community & Economic Dev                | 9,908             | 9,908             | 6,652             | 3,256               |
| Operating Transfers Out                 | -                 | -                 | 84,730            | (84,730)            |
| Other                                   | <u>14,000</u>     | <u>14,000</u>     | <u>11,625</u>     | <u>2,375</u>        |
| Total Charges to Appropriation          | <u>353,500</u>    | <u>353,500</u>    | <u>412,181</u>    | <u>(58,681)</u>     |
| Budgetary Fund Balance - March 31, 2006 | <u>\$ 267,609</u> | <u>\$ 267,609</u> | <u>\$ 265,048</u> | <u>\$ (2,561)</u>   |

**BRIDGETON TOWNSHIP**

Required Supplementary Information  
Budgetary Comparison Schedule for Road Fund  
For the Year Ended March 31, 2006

|   | Budgeted Amounts |                  |                  | Variance to         |
|---|------------------|------------------|------------------|---------------------|
|   | <u>Original</u>  | <u>Final</u>     | <u>Actual</u>    | <u>Final Budget</u> |
| Beginning Year Fund Balance             | \$ 49,988        | \$ 49,988        | \$ 49,988        | \$ -                |
| Resources (Inflows)                     |                  |                  |                  |                     |
| Property Taxes                          | 50,000           | 50,000           | 74,626           | 24,626              |
| Interest                                | -                | -                | 1,639            | 1,639               |
| Operating Transfers In                  | <u>1,500</u>     | <u>1,500</u>     | <u>84,730</u>    | <u>83,230</u>       |
| Amounts Available for Appropriation     | 101,488          | 101,488          | 210,983          | 109,495             |
| Charges to Appropriations               |                  |                  |                  |                     |
| Operating Transfers Out                 | 45,000           | 45,000           | 135,443          | (90,443)            |
| Other                                   | <u>-</u>         | <u>-</u>         | <u>78</u>        | <u>(78)</u>         |
| Total Charges to Appropriation          | <u>45,000</u>    | <u>45,000</u>    | <u>135,521</u>   | <u>(90,521)</u>     |
| Budgetary Fund Balance - March 31, 2006 | <u>\$ 56,488</u> | <u>\$ 56,488</u> | <u>\$ 75,462</u> | <u>\$ 18,974</u>    |

**BRIDGETON TOWNSHIP**

Required Supplementary Information  
Budgetary Comparison Schedule for Fire Fund  
For the Year Ended March 31, 2006

|   | Budgeted Amounts |                 |                  | Variance to         |
|---|------------------|-----------------|------------------|---------------------|
|   | <u>Original</u>  | <u>Final</u>    | <u>Actual</u>    | <u>Final Budget</u> |
| Beginning Year Fund Balance             | \$ 6,760         | \$ 6,760        | \$ 6,760         | -                   |
| Resources (Inflows)                     |                  |                 |                  |                     |
| Property Taxes                          | 12,500           | 12,500          | 18,650           | 6,150               |
| Charges for Services                    | -                | -               | 6,612            | 6,612               |
| Interest                                | <u>-</u>         | <u>-</u>        | <u>300</u>       | <u>300</u>          |
| Amounts Available for Appropriation     | 19,260           | 19,260          | 32,322           | 13,062              |
| Charges to Appropriations (Outflows)    |                  |                 |                  |                     |
| Contracted Fire Services                | -                | -               | 15               | (15)                |
| Miscellaneous                           | -                | -               | 60               | (60)                |
| Operating Transfers Out                 | <u>12,500</u>    | <u>12,500</u>   | <u>9,533</u>     | <u>2,967</u>        |
| Total Charges to Appropriation          | <u>12,500</u>    | <u>12,500</u>   | <u>9,608</u>     | <u>2,892</u>        |
| Budgetary Fund Balance - March 31, 2006 | <u>\$ 6,760</u>  | <u>\$ 6,760</u> | <u>\$ 22,714</u> | <u>\$ 15,954</u>    |

## BRIDGETON TOWNSHIP

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2006

|                            | <u>Budget</u> | <u>Actual</u> | <u>Favorable<br/>(Unfavorable)</u> |
|----------------------------|---------------|---------------|------------------------------------|
| Revenues                   |               |               |                                    |
| Property Taxes             | \$ 26,000     | \$ 28,975     | \$ 2,975                           |
| Licenses and Permits       | 6,500         | 7,618         | 1,118                              |
| State Grants               | 142,000       | 155,759       | 13,759                             |
| Charges for Services       | 1,000         | 1,700         | 700                                |
| Interest and Dividends     | 1,000         | 6,596         | 5,596                              |
| Refunds & Rebates          | -             | 6,312         | 6,312                              |
| Other Revenue              | -             | 5,285         | 5,285                              |
| Gain (Loss) on Investments | <u>-</u>      | <u>(601)</u>  | <u>(601)</u>                       |
| Total Revenues             | 176,500       | 211,644       | 35,144                             |
| Expenditures               |               |               |                                    |
| General Government         |               |               |                                    |
| Township Board             |               |               |                                    |
| Salaries and Wages         |               | 2,605         |                                    |
| Office Supplies            |               | 417           |                                    |
| Insurance                  |               | 1,018         |                                    |
| Printing and Publishing    |               | 709           |                                    |
| Miscellaneous              |               | 901           |                                    |
| Professional Services      |               | 18,481        |                                    |
| Contracted Services        |               | 15,518        |                                    |
| Capital Outlay             |               | <u>8,025</u>  |                                    |
|                            | 47,427        | 47,674        | (247)                              |
| Supervisor                 |               |               |                                    |
| Salaries and Wages         |               | 9,240         |                                    |
| Supplies                   |               | 134           |                                    |
| Transportation             |               | <u>978</u>    |                                    |
|                            | \$ 10,800     | 10,352        | \$ 448                             |

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

|                                   |          |              |        |
|-----------------------------------|----------|--------------|--------|
| Elections                         |          |              |        |
| Salaries and Wages                |          | \$ 1,009     |        |
| Supplies                          |          | 119          |        |
| Transportation                    |          | 226          |        |
| Printing & Publishing             |          | <u>50</u>    |        |
|                                   | \$ 2,220 | 1,404        | \$ 816 |
| Clerk                             |          |              |        |
| Salaries and Wages                |          | 13,000       |        |
| Deputy Clerk Salaries & Wages     |          | 1,290        |        |
| Office Supplies                   |          | 360          |        |
| Transportation                    |          | 572          |        |
| Miscellaneous                     |          | <u>25</u>    |        |
|                                   | 18,050   | 15,247       | 2,803  |
| Treasurer                         |          |              |        |
| Salaries and Wages                |          | 12,060       |        |
| Deputy Treasurer Salaries & Wages |          | 1,200        |        |
| Office Supplies                   |          | 891          |        |
| Transportation                    |          | 1,004        |        |
| Contractual Services              |          | <u>3,535</u> |        |
|                                   | 22,695   | 18,690       | 4,005  |
| Assessor                          |          |              |        |
| Salaries and Wages                |          | 9,600        |        |
| Education & Training              |          | 275          |        |
| Supplies                          |          | 566          |        |
| Transportation                    |          | <u>387</u>   |        |
|                                   | 11,530   | 10,828       | 702    |
| Township Hall and Grounds         |          |              |        |
| Supplies                          |          | 118          |        |
| Professional Services             |          | 1,595        |        |
| Contractual Services              |          | 45           |        |
| Propane                           |          | 683          |        |
| Telephone                         |          | 1,505        |        |
| Utilities                         |          | 558          |        |
| Repairs                           |          | <u>35</u>    |        |
|                                   | \$ 5,000 | \$ 4,539     | \$ 461 |

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

|                                  |               |              |            |
|----------------------------------|---------------|--------------|------------|
| Board of Review & Appeals        |               |              |            |
| Salaries & Wages                 |               | \$ 1,020     |            |
| Printing & Publishing            |               | <u>210</u>   |            |
|                                  | \$ 1,400      | 1,230        | \$ 170     |
| Cemetery                         |               |              |            |
| Salaries and Wages               |               | 6,000        |            |
| Supplies                         |               | 1,370        |            |
| Utilities                        |               | 165          |            |
| Transportation                   |               | 8            |            |
| Capital Outlay                   |               | <u>2,449</u> |            |
|                                  | <u>10,000</u> | <u>9,992</u> | <u>8</u>   |
| Total General Government         | 129,122       | 119,956      | 9,166      |
| Public Safety                    |               |              |            |
| Fire Department                  |               |              |            |
| Contractual Fire Service         | 50,000        | 39,043       | 10,957     |
| Building Inspection              |               |              |            |
| Salaries and Wages               |               | 6,480        |            |
| Supplies                         |               | 43           |            |
| Transportation                   |               | 505          |            |
| Education and Training           |               | 75           |            |
| Dues and Memberships             |               | <u>100</u>   |            |
|                                  | <u>7,470</u>  | <u>7,203</u> | <u>267</u> |
| Total Public Safety              | 57,470        | 46,246       | 11,224     |
| Public Works                     |               |              |            |
| Highways, Streets and Bridges    |               |              |            |
| Professional/Contracted Services |               | 112,701      |            |
| Repair and Maintenance           |               | 29,769       |            |
| Utilities                        |               | <u>502</u>   |            |
| Total Public Works               | 143,000       | 142,972      | 28         |
| Community & Economic Development |               |              |            |
| Zoning Board                     | \$ 1,430      | \$ -         | \$ 1,430   |

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Zoning Administrator  |                   |                   |                   |
| Salaries and Wages  |                   | \$ 900            |                   |
| Transportation  |                   | 257               |                   |
| Supplies  |                   | <u>73</u>         |                   |
|   | \$ 1,230          | 1,230             | \$ -              |
| Planning  |                   |                   |                   |
| Salaries  |                   | 4,725             |                   |
| Supplies  |                   | 343               |                   |
| Professional & Contr. Services                                    |                   | 95                |                   |
| Transportation  |                   | 211               |                   |
| Printing & Publishing   |                   | <u>48</u>         |                   |
|   | <u>7,248</u>      | <u>5,422</u>      | <u>1,826</u>      |
| Total Community & Economic Dev.                                   | 9,908             | 6,652             | 3,256             |
| Contingencies & Other   |                   |                   |                   |
| Payroll Taxes   | 8,200             | 5,277             | 2,923             |
| Miscellaneous   | 800               | -                 | 800               |
| Insurance   | <u>5,000</u>      | <u>6,348</u>      | <u>(1,348)</u>    |
| Total Contingencies & Other                                       | <u>14,000</u>     | <u>11,625</u>     | <u>2,375</u>      |
| Total Expenditures  | <u>353,500</u>    | <u>327,451</u>    | <u>26,049</u>     |
| Excess Revenues Over<br>(Under) Expenditures                      | (177,000)         | (115,807)         | 61,193            |
| Other Financing Sources (Uses)                                    |                   |                   |                   |
| Operating Transfers In  | 124,000           | 144,976           | 20,976            |
| Operating Transfers Out   | <u>-</u>          | <u>(84,730)</u>   | <u>(84,730)</u>   |
| Total Other Financing Sources (Uses)                              | <u>124,000</u>    | <u>60,246</u>     | <u>(63,754)</u>   |
| Excess Revenues and Sources Over<br>(Under) Expenditures and Uses | (53,000)          | (55,561)          | (2,561)           |
| Fund Balance - Beginning  | <u>320,609</u>    | <u>320,609</u>    | <u>-</u>          |
| Fund Balance - Ending   | <u>\$ 267,609</u> | <u>\$ 265,048</u> | <u>\$ (2,561)</u> |

# Companies



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



August 25, 2006

Township Board  
Township of Bridgeton  
Newaygo County, Michigan

Dear Board Members:

In connection with our recent examination of the financial statements of Bridgeton Township for the fiscal year ended March 31, 2006, we offer the following comments and recommendations:

## PRIOR COMMENTS

We are very happy to report that the books and records were again maintained in excellent condition.

## CURRENT YEAR COMMENTS

Proper Documentation of Transactions - One of the easiest ways for the Township to protect itself from fraud is to require and maintain proper documentation on all transactions in order to determine if they were proper expenditures of the Township. During the audit we noticed that some receipts for credit card purchases were not attached to the invoice; only the credit card statement was attached. Credit card statements do not provide the detail as to what was purchased, they only list the store name and amount. In order to determine whether the item is a legitimate expenditure of the Township, we recommend that receipts be attached to the appropriate invoice which should be attached to the check copies. This includes reimbursements for education and seminars as well as mileage and per diem requests.

We also noticed during our audit that not all transfers between funds were documented on receipts. For example, there was no receipt for the transfer on December 7, 2005, for \$12,339.14 from the road fund to the general fund. We recommend that the treasurer record all transfers between funds on receipts so that the clerk can record them into the accounting system.

## New Accounts

The Township opened two new accounts during the year for the road and fire fund that were not recorded in the minutes. All new accounts should have board approval prior to opening them. We recommend that the board approve any new bank accounts and that the approval be recorded in the minutes to the meetings.

### **Grand Rapids**

2025 East Beltline SE  
Suite 208  
Grand Rapids, MI 49546  
Phone (616) 954-3995  
Fax (616) 954-3990

### **Muskegon**

4985 South Harvey Street  
Muskegon, MI 49444  
Phone (231) 798-1040  
Fax (231) 798-8409

### **Fremont**

711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

### **Whitehall**

116 West Colby, Suite B  
Century Building  
Whitehall, MI 49461  
Phone (231) 893-6772  
Fax (231) 893-6773

### **Hart**

1550 North Industrial Park Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

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### Budgeting

The Township is in violation of the budgeting requirement of the Michigan Public Act 2 of 1968, as amended, Section 15 which provides that the recommended budget for the general fund and special revenue funds must include the following for each fund:

- actual expenditures for the most recently completed fiscal year;
- estimated expenditures for the current fiscal year (to be arrived at by using actual expenditures to date and estimating expenditures to the end of the fiscal year);
- an estimate of the expenditures in the next fiscal year;
- actual revenue for the most recently completed fiscal year;
- estimated revenue for the current fiscal year (to be arrived at by using actual revenue to date and estimating revenue to the end of the fiscal year);
- an estimate of the revenue in the next fiscal year;
- beginning and ending fund balance for each year;
- an estimate of the amounts needed for deficiency, contingent, or emergency purposes;
- other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.

We are enclosing a sample budget form including dates to assist you in understanding the required information to be provided to the Board when the budget is being adopted. Basically, the Township Board should be provided this information in order to make an informed decision regarding the adoption of the new budget and if the budget appropriately will meet the Township's needs.

The Township is also in violation of the budgeting requirements of the Michigan Public Act 2 of 1968, as amended, Section 17 which provides that the board must amend the budget as soon as a deviation is apparent. Amendments must not cause estimated total expenditures, including any accrued deficit, to exceed total estimated revenues, including any available surplus. By not amending the budget, the expenditures exceeded the budget as noted in the financial statements. We recommend that the board review estimated expenditures regularly and make necessary amendments as needed.

As an illustration of the problems which occurred with the 2005-2006 budget, let us review the budget for Road Fund. First, the original budget was for \$51,500 revenue (which did not include available fund balance) and \$45,000 expenditures (which did not include the planned carryover of any fund balance). Second, the Board decided to pay for road work from the accumulated fund balance. Third, the work was performed and payment remitted. The actual expenditures were \$135,443 while the budget remained at \$45,000, because there was no where to off-set the amendment. If the original budget had included the beginning fund balance of almost \$50,000, and the revenue budget had been amended for a more accurate estimate of the property taxes and the general fund transfer, there would have been enough funds available to allow for the excess expenditures. The actual expenditures exceeding budget is a violation of the Budget Act and will be reported to the Attorney General's office. We recommend that the budgeting process be reviewed and appropriate changes made as soon as possible.

### Chart of Accounts

In 2002, the State of Michigan up-dated the prescribed uniform chart of accounts that is to be used by all units of government within the state. We found that the Township has not properly up-dated the chart of accounts. For example, the Township is using activity code #191 for elections which has been changed to #262. We recommend that the Township review all current account numbers, compare them to the latest Uniform Chart of Accounts, and make revisions as necessary.

Capitalization Policy

Under the new financial statements of GASB 34 certain items recorded as capital outlay will also be recorded as fixed assets on the government wide financial statements. The Township should adopt a capitalization policy to avoid having to capitalize and depreciate several small items. We have enclosed a sample capitalization policy for the Township to adopt as soon as possible.

Credit Card Policy

During our audit we noticed that the Township has obtained a credit card from Office Max for purchases of supplies. Michigan Public Act 266 of 1995 requires that local units of government adopt, by resolution, a written policy that provides certain guidelines for using the Township credit card. We have enclosed a sample policy for the Township to adopt as soon as possible.

GASB 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

As you may have noticed, your financial statements have several significant changes this year. This is just a brief overview of what GASB 34 is and what it means to you. This statement makes many changes to the presentation of the financial statements. One of the most substantial changes is to add government-wide financial statements which are prepared using economic resources measurement focus and the full accrual basis of accounting (used by most for-profit business). These statements also report the Township's fixed assets and infrastructure at original purchase less depreciation. The fund financial statements continue to be presented as well, however, the columns presented have changed to the general fund and other "major" funds and a summary reconciliation is required to identify the differences between the government-wide and fund reports. In addition, a Management's Discussion and Analysis (MD&A) is required. The MD&A includes an analysis and descriptions of significant changes over prior years, condensed presentation of current and prior year financial information and other descriptions of facts, conditions, or decisions which management expects did or will have a significant effect on the financial statements. This statement also prescribes the Required Supplementary Information (RSI) to include budgetary comparison schedules (as currently prescribed by the State of Michigan), however, with the addition of the originally adopted budget (as well as the final amended budget).

We appreciate the courtesy extended to us during the course of the audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions regarding the audit.

Respectfully submitted,

*Jodi DeKuiper, CPA*

Jodi DeKuiper, CPA  
Hendon & Slate, P.C.